

Testimony of Representative Thomas Petri (R-WI)
Before the U.S. International Trade Commission
Antidumping and Countervailing Duty Investigations on Certain Lightweight Thermal
Paper from China and Germany
Investigation Numbers: 701-TA-451 and 731-TA-1126-1127 (Review)
October 30, 2014

Madam Chairman and Members of the Commission,

I very much appreciate the opportunity to testify today regarding the issue of whether the unfair trade duties covering imports of thermal paper from China and Germany should remain in effect for another five years. I am here to ask you to leave these duties in place. The duties have allowed the U.S. industry to compete on an equal footing with producers in China and Germany which have dumped and subsidized their products in order to gain an unfair advantage in our market. U.S. thermal paper producers, including Appvion, a company operating a number of facilities in Wisconsin, have had the opportunity to grow and thrive as a result of the increased demand for their lightweight thermal paper. This is not the time to be removing the duties, and I urge your support for keeping them in place.

I had the honor of testifying before you almost exactly six years ago. At that time I told you about how important the paper industry is to me and to Wisconsin. I have seen too many solid and competitive paper mills in Wisconsin driven out of business because of Chinese government subsidies. Six years ago, the Commission understood the threat that these subsidized imports posed to U.S. thermal paper producers. The Commission also understood that German producers, interested in increasing their market share in the U.S. market, were willing to significantly undersell their U.S. competitors to achieve this goal. Chinese and German producers continue to engage in these unfair trade practices in order to gain an advantage over U.S. producers, as our Department of Commerce has already determined.

I am particularly troubled by the tactics of one German producer which has been found by the Department of Commerce to have concealed sales in its home market in order to lower its dumping margin. As a result of this attempt to manipulate its rate, the Department of Commerce imposed a 75 percent duty. There is only one reason why this company would engage in such manipulation, and that is to avoid dumping duties. I think this demonstrates the need to maintain the mechanism for monitoring the pricing practices of Chinese and German lightweight thermal paper manufacturers, and argues in favor of keeping the discipline of the duty orders in place.

The improved competitive situation, supported by the imposition of these duties, has helped Appvion's profitability and has allowed the company to improve lean manufacturing techniques, to adapt to changing market conditions, and to develop new products. Today, Appvion is a leading producer of lightweight thermal paper.

It is notable that Appvion is wholly-owned by its employees through an Employee Stock Ownership Program. The employee-owners of Appvion, many of whom are my constituents, are rightfully proud of their company. These employee-owners have invested their retirement assets in their company, literally staking their future well-being on the success of Appvion. They deserve the opportunity to compete fairly in this market.

As I said six years ago, this case is about protecting a leading American manufacturer from the predatory trade practices of certain foreign competitors. American manufacturers, particularly those in Wisconsin, are ready, willing and able to compete globally. They welcome the opportunity to put their products up against those of other nations. But true competition is undercut when prices are subsidized or products are sold below cost in order to grab market share. Permitting companies to dump or subsidize can only harm domestic manufactures, leading to a continued deterioration of our manufacturing base.

I ask you to carefully consider the record in the case as well as the testimony you hear today. I am confident you will come to the same conclusion that I have: that the duties need to stay in place for another five years.

Thank you again for your attention and for allowing me to address you here today.